GOVERNMENT OF INDIA
AGRICULTURE AND FARMERS WELFARE
LOK SABHA

UNSTARRED QUESTION NO:1054
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Increase in Cost of Production of Agriculture
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Will the Minister of AGRICULTURE AND FARMERS WELFARE be pleased to state:

(a) whether the growth rate of MSP for several crops has been lower whereas input cost of agriculture has increased many fold, if so, the details thereof;

(b) whether agriculture is becoming unremunerated for small and marginal farmers on account of decreasing holding size, increase in the cost of agricultural inputs and environmental risk factors on the crops, if so, the details thereof along with the steps taken or proposed to be taken by the Government to bring down the cost of production;

(c) whether any comparative study has been commissioned to examine the input cost for cultivation of major crops, vis-avis MSP fixed for each crop and if so, the details thereof;

(d) the steps taken by the Government to reduce the input costs of agriculture like the usage and prices of fertilizers, pesticides, seeds etc. and implement the recommendations made by the National Commission on Farmers and provide maximum benefit to the farmers; and

(e) the details of various works carried out by the Government in view of the proposal to double the income of farmers?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND FARMERS WELFARE

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(a) to (c): Cost of production is one of the important factors taken by Commission for Agricultural Costs and Prices (CACP) in determination of Minimum Support Prices (MSPs).

Details of all-India weighted average cost of production including family labour (A2+FL) and MSPs for major agricultural crops from 2014-15 to 2016-17 are given at Annexure.

A study conducted by NITI Aayog on efficacy of MSP has found that MSP declared by the Government has encouraged 78% of the farmers including small and marginal farmers covered under the study for adopting improved methods of farming such as high yielding varieties of seeds, organic manure, chemical fertilizer, pesticides and improved methods of
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harvesting etc. due to remunerative price. The study has also revealed that majority of farm households are in favour of MSP since it ensures guaranteed income to the farmers by acting as a floor price.

Under Comprehensive Scheme for Studying the Cost of Cultivation of Principal Crops, the cost data for all the important crops are collected on a sample basis by State Agricultural Universities/Institutions located in various states and the cost data for all major crops are continuously updated, which form the basis for recommending MSPs by CACP.

(d) & (e): Government has taken several initiatives to reduce input costs of agriculture which inter alia includes Soil Health Card, Pradhan Mantri Krishi Sinchai Yojana (PMKSY), Neem-coated Urea (NCU), Bio Pesticides for promoting Integrated Pest Management, Production of Quality Seeds, Promoting water saving devices like sprinkler sets, drip irrigation systems, water carrying pipes/ underground pipelines etc.

Government has also initiated various schemes to increase the income of farmers which inter alia includes Special focus on irrigation with sufficient budget with the aim of "Per Drop More Crop", Provision of quality seeds and nutrients based on soil health of each field, large investments in Warehousing and Cold Chains to prevent post- harvest crop losses, Promotion of value addition through Food Processing, Creation of a National Farm Market, Introduction of a New Crop Insurance Scheme to mitigate risks at affordable cost, Promotion of ancillary activities like Poultry, Beekeeping and Fisheries etc.